



U.S. Department of Justice

United States Attorney Southern District of New York

The Silvio J. Mollo Building One Saint Andrew's Plaza New York, New York 10007

September 29, 2021

VIA ECF AND EMAIL

Honorable Lorna B. Schofield United States District Judge Southern District of New York 40 Foley Square New York, New York 10007

Re: United States v. Sohrab Sharma et al., 18 Cr. 340 (LGS)

Dear Judge Schofield:

Pursuant to this Court's Order of September 27, 2021 (Dkt. 528) in this case, the Government and seven victims of the defendants' fraud on Centra Tech, Inc. investors (the "Claimants") who have filed an amended third-party petition pursuant to 21 U.S.C. § 853(n) in this case (the "Amended Petition") respectfully submit this letter to update the Court on the status of efforts to settle the Amended Petition without further litigation. The parties apologize for failing to update the Court by September 24, 2021, as previously ordered.

As noted in prior correspondence, the Government and the Claimants have been engaged in settlement discussions in an effort to reduce unnecessary delays in the planned remission process that would facilitate compensation to the many victims of the defendants' fraud. As described in the parties' prior status updates to the Court, the Government has proposed to the Claimants the terms of a settlement that the Government is prepared to recommend to the Department of Justice's Money Laundering and Asset Recover Section ("MLARS"), whose approval is required for any potential settlement. Also as described in prior updates to the Court, the Claimants have been considering the Government's proposal. The current issues regarding the proposed settlement that the parties are discussing are as follows: (1) the impact of the lack of unanimity among Claimants as to the Government's current proposed settlement; and (2) the impact of defendant Sohrab Sharma's appeal of his conviction and sentence on the timing of any recovery by Claimants who wish to settle on the terms proposed by the Government. The Government is consulting internally regarding these issues.

In order to afford the parties additional time for productive settlement discussions regarding the Government's current proposal to the Claimants, which could obviate the need for further motions practice, the parties respectfully request that the Court adjourn the current briefing deadlines in this ancillary proceeding by approximately four weeks. ¹ The parties agree and

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¹ The appeal filed by defendant Sharma indicating challenging both his conviction and sentence will delay the initiation of the planned remission program to compensate victims of the defendants' fraud. On June 30, 2021, defendant Sharma filed his opening brief in connection with this appeal. Because the forfeiture of all of the Seized Ether Units and all of the proceeds from their liquidation is predicated on Sharma's criminal fraud conspiracy convictions, MLARS cannot initiate a

propose that the anticipated motions — the Government's motion to dismiss the Amended Petition and motion requesting permission to begin the remission process as to a portion of the forfeited Ether — be briefed in parallel on the following schedule:

- Government's moving papers due on November 29, 2021;
- Claimants' response due on December 27, 2021; and
- Government's reply due on January 17, 2022.

For the reasons set forth above, Claimants and the Government respectfully request that the Court adopt the briefing schedule that the Government and the Claimants have jointly proposed. In addition, the Claimants and the Government respectfully propose to provide the Court with an update regarding potential settlement discussions by October 13, 2021.

Respectfully submitted,

ILAN T. GRAFF Attorney for the United States Acting Under 28 U.S.C. § 515

by: <u>/s/</u>

Negar Tekeei / Daniel Loss Assistant United States Attorneys 212-637-2482 / -6527

Application **GRANTED**. The briefing schedule above is adopted. The parties should not expect further extensions without substantial justification, which does not include routine internal consideration by the Government.

The Clerk of Court is respectfully directed to close the motion at Docket No. 535.

Dated: September 30, 2021 New York, New York

LORNA G. SCHOFIELD
UNITED STATES DISTRICT JUDGE

Encl.

cc: Donald J. Enright, Esq.
All other counsel of record

remission program as to any of those proceeds (including the \$27.2 million in forfeiture proceeds that are indisputably not demanded by any claims in the Amended Petition) and the Government cannot use any of those proceeds to settle the Claimants' Amended Petition unless and until Sharma's appeal as to his conviction is resolved. Accordingly, the extended deadlines for motions practice requested in this letter as to this ancillary litigation will not delay the use of the Ether sale proceeds to compensate the Claimants or other victims or otherwise cause undue prejudice to them.